

# QCDD -Oriented

World-Class Seat System Creator

## CONTENTS

- 1 Profile/Financial Highlights
- 2 Message from the Management
- 7 Corporate Governance and Internal Controls
- 9 Financial Section
  - 9 Management's Discussion and Analysis
- 11 Consolidated Balance Sheets
- 13 Consolidated Statements of Income
- 14 Consolidated Statements of Changes in Net Assets
- 15 Consolidated Statements of Cash Flows
- 16 Notes to the Consolidated Financial Statements
- 26 Corporate Information

## PROFILE

Since the founding of the Tachi-S Group, we have consistently made every possible effort to develop and produce superior car seats that win the confidence and satisfaction of our customers. Today, we are one of the top seat system manufacturers in Japan and a favored supplier of many overseas customers.

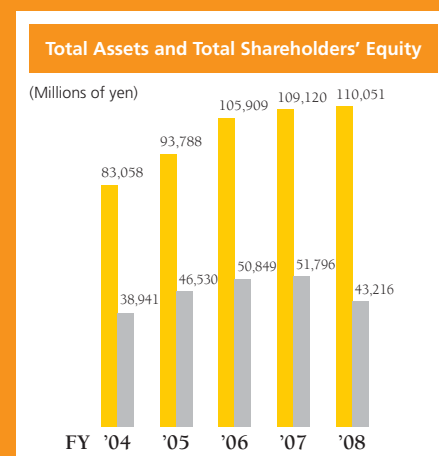
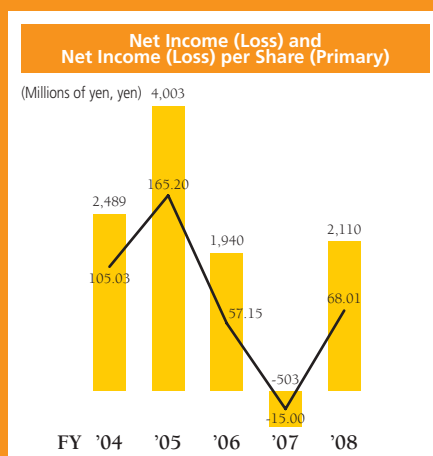
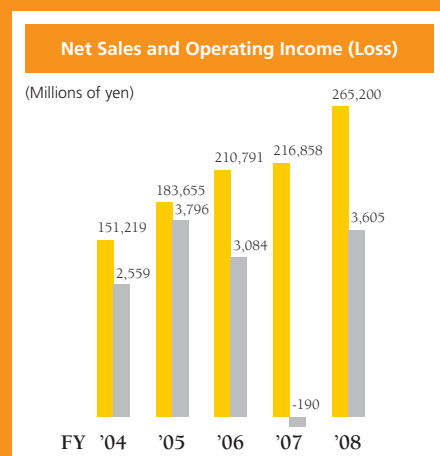
Based on our new corporate philosophy of "contributing to society by supplying products that fill our customers around the world with confidence and inspiration through the development of technologies," we are aiming to become a global top-level seat system creator. Drawing on the technological development capabilities we have developed over the years, we are working to "give our customers maximum enjoyment" and are boldly continuing to take up the challenges of being a player in global markets.

## FINANCIAL HIGHLIGHTS

### Consolidated Financial Highlights

	Millions of yen					Thousands of U.S. dollars (Note)
	2004	2005	2006	2007	2008	2008
<b>FOR THE YEAR</b>						
Net sales .....	¥151,219	¥183,655	¥210,791	¥216,858	<b>¥265,200</b>	<b>\$2,646,971</b>
Operating income (loss).....	2,559	3,796	3,084	(190)	<b>3,605</b>	<b>35,981</b>
Net income (loss).....	2,489	4,003	1,940	(503)	<b>2,110</b>	<b>21,061</b>
Net income (loss) per share: primary (yen).....	¥ 105.03	¥ 165.20	¥ 57.15	¥ (15.00)	<b>¥ 68.01</b>	<b>\$ 0.679</b>
<b>AT YEAR-END</b>						
Total shareholders' equity.....	¥ 38,941	¥ 46,530	¥ 50,849	¥ 41,957	<b>¥ 43,215</b>	<b>\$ 431,331</b>
Total assets.....	83,058	93,788	105,909	109,120	<b>110,051</b>	<b>1,098,424</b>

Note: U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥100.19=US\$1, the rate of exchange on March 31, 2008.



#### Cautionary Information with Respect to Forward-Looking Statements

Statements contained in this report regarding the plans, strategies, and beliefs of the Tachi-S Group that are not historical fact constitute forward-looking statements about future operational results. As such, they are based on the judgements of Tachi-S's management made in consideration of currently available data. Actions based solely on these statements should be avoided. Potential risk factors that could cause actual results to differ materially from those anticipated include, but are not limited to, general economic conditions, currency exchange rates, sudden technological change, and customer preference.

# Message from MESSAGE FROM THE MANAGEMENT the Management

## Fiscal 2008 Review

In fiscal 2008, ended March 31, 2008, the difficulty of predicting future trends in the Japanese economy grew rapidly. During the first half of the year, a rise in corporate capital investments and exports supported robust economic conditions, but conditions became increasingly harsh during the latter half of the year due to such factors as surging prices of crude oil and raw materials and the continued sharp depreciation of the U.S. dollar.

Looking at the automobile industry, the domestic sales volume of new standard passenger automobiles during the fiscal year under review was down 1.2% from the previous fiscal year, while the drops for trucks and mini-vehicles were 12.5% and 6.8%, respectively. The number of new standard and mini-vehicle passenger cars sold in Japan decreased for the second consecutive year, dropping 5.3%, to 5,319,000. Japan's automobile exports were negatively affected by the subprime loan crisis and other factors that reduced consumer spending in North American markets, but growing exports to China and other Asian countries as well as the Middle East supported a 10.4% year-on-year rise in export volume, to 6,769,000 units. This was the sixth consecutive year of

growth in Japan's automobile exports. As a result, the number of new standard and mini-vehicle passenger cars manufactured in Japan rose 2.5%, to 11,790,000. Meanwhile, during calendar 2007, the number of vehicles manufactured overseas by Japan-based automakers advanced 8.1%, to the record high level of 11,856,000.

Amid these conditions, the Tachi-S Group worked to attain the objectives of its Vision 2010 management plan by strengthening and expanding its domestic business base and promoting the stable growth of overseas business. As a result, our consolidated net sales climbed 22.3% year on year, to ¥265.2 billion, reflecting an increase due to the start-up of new models in Japan and the start of full-scale production overseas. Regarding profitability, despite the burden of such temporary expenses as those associated with our operational preparations and the start of mass manufacturing by one of our U.S.-based subsidiaries, the rise in net sales helped boost our operating income to ¥3,605 million, compared with a ¥190 million operating loss in the previous fiscal year. Net income amounted to ¥2,110 million, compared with a net loss of ¥503 million in fiscal 2007.

*Kiyoshi Saito,  
Chairman and  
Chief Executive Officer*



*Kiyoshi Saito*

*Kosaku Tarumi,  
President and  
Chief Operating Officer*



*Kosaku Tarumi*

## Vision 2010—Results to Date

To realize our long-term management vision, we are implementing the Vision 2010 plan, which covers the six fiscal years ending March 31, 2011, and we have divided the plan into measures for implementation during the first and latter half of the plan. We have just completed the first half of Vision 2010, which covered the three fiscal years ended March 31, 2008, and was designed to be a building phase period of preparation measures.

One of the main themes of the first half of Vision 2010 was **“Developing Our Network of Core Global Operations,”** and specific measures taken based on this theme include the following:

- **Expanded our North American technical center in Detroit, Michigan**
- **Established a European technical center in Paris, France**
- **Initiated business in Canada**—This business currently involves about 150,000 units of two vehicle models annually. The operating environment for this business was impacted during the



second half of fiscal 2008 by U.S. automobile market developments, causing a shift from large to smaller vehicles, and we are implementing business reforms associated with an ongoing shift in our business structure to smaller-sized vehicles.

- **Expanded operations in Mexico—**

This business currently involves five vehicle models. The addition of our new Zacatecas plant gives us an array of four manufacturing facilities in Mexico, and we have thus grown to become Mexico's largest automobile seat maker. In view of the environment for business in Mexico and the fact that our new plant has augmented our annual seat manufacturing production capacity—from 300,000 vehicles to 500,000 vehicles—we consider this level sufficient for the time being. Our four plants able to engage in mass-manufacturing operations throughout the year give us a solid business base. Moreover, the impact of U.S. market trends on Mexican operations is not as large as the impact on Canadian operations.



## Measures to Attain Our “Long-Term Vision”

Measures for the First Half of the Period **“Preparatory” Period for Vision 2010 (V2010)** Fiscal 2005 to Fiscal 2007

### Upgrading basic global businesses

- Expand North American Technical Center
- Create new European Technical Center

Enter Canadian business

Expand business in Mexico

Expand business in China

Enter U.K. business

Expand U.S. business

### Strengthen domestic business base

- Integrated the “Four Sewing Business Companies” in Asia ♦ Establish Nui Tec Corporation
- Strengthened cutting-edge technologies (environment and safety) ♦ Built Advanced Technology Center

### Strengthened operating alliances

- Strengthened relations with Fuji Kiko Co., Ltd., and Kasai Kogyo Co., Ltd.

- **Expanded operations in China**—We have got production at three Guangzhou-based companies on track, and those companies now have manufacturing capacity for 150,000 vehicles of



three vehicle models. The large scale of manufacturing operations and addition of one vehicle model has increased the stability of these operations.

- **Entered the U.K. market**—We currently are selling products for approximately 220,000 vehicles of one vehicle model per year. In view of the current business climate and our dependence on a single vehicle model, we are working to build a stabler operational base with a multiple business model product structure.



- **Expanding operations in the U.S. market**—Our operations in Tennessee are currently providing seats for one vehicle model, but preparations for an additional model are under way. In view of current business conditions, we have purchased land in Tennessee, established manufacturing facilities, developed seats

for various vehicle models, and begun preparing to initiate mass manufacturing seats for an additional model from summer 2008, although it is expected that the potential impact of negative market trends may delay the start of work on this additional model.



The second strategic theme we have been implementing is **“Strengthen the Foundation of Domestic Operations.”**

- **Consolidating Seat-Sewing Work**—We established Nui Tec Corporation to unify the operations of four Tachi-S Group companies manufacturing sewn products in the Asia region. As seat-sewing work is labor intensive, we have the objective of handling such work in the most competitive region and also concentrating work to generate benefits of scale. By integrating the operations of two companies in Japan and two companies in China, Nui Tec is reorganizing our operations in a manner that is upgrading our global competitiveness.

Measures for the Second Half of the Period **“Finishing” Period for V2010** From Fiscal 2008 to Fiscal 2010

**“Further evolution” in global business operations**

- Made investments for the future in mature markets in the previous period ↗ Reap sales and profits
- Challenge the BRIC growth markets
  - Enter Wuhan business in China
- Establish new technical center in China ↗ Complete four world development centers
  - Japan (Tokyo, Aichi)
  - U.S.
  - France
  - China (Fuzhou)

**Restructure domestic business base for a mature operating environment**

- Review and realign domestic business centers
- Business restructuring and reform for domestic Group companies

**Deepen business alliances**

- Realize positive effects of tie-ups with alliance partners



**Vision – 2010**

- **Strengthening Advanced Technology Capabilities**—To upgrade our advanced technology capabilities in 2010 and beyond, we have constructed our Advanced Technology Center in Tokyo's Ome district, which began operating in May 2008.



The third strategic theme we have been implementing is **"Bolstering Operational Alliances."** Recognizing that our resources as a single company are limited, we are proactively seeking to strengthen our capabilities by arranging business alliances.

### Strategic Measures in the Latter Half of 2010 Vision

The end of fiscal 2008 and start of fiscal 2009 was the transition point from the building phase of the 2010 Vision to the finishing phase. At the time of this transition point, conditions in our operating environment were particularly difficult owing to three factors—the deceleration of the Japanese economy, the surge in basic materials prices, and the recent fluctuation of currency exchange rates.

The scale of our operations expanded considerably during the building phase of the 2010 Vision. We originally set ourselves the goal of boosting annual consolidated net sales to ¥250 billion by the end point of the 2010 Vision, but we were able to surpass this level during fiscal 2008, or the final year of the vision's building phase. On the other hand, we still have some way to go before attaining the 2010 Vision profitability targets. Our long-term goal is to increase our ROE to 10%. This goal corresponds to a 3% ratio of operating income to net sales, and we have only attained approximately one-half of this level so far. Our tasks in the latter half of the 2010 Vision will include the deepening of our operations and the associated enhancement of our profitability.

The latter half of the 2010 Vision—from fiscal 2009 through fiscal 2011—is considered the finishing phase of the vision.

- **Further Progress in Globalizing Operations**—We have already completed long-term investments in mature markets during the building phase of the 2010 Vision. In the finishing phase, we are intent on reaping the maximum profit from those investments, and we also plan to address challenging opportunities in additional markets with noteworthy growth potential.
- **Establishment of Joint Venture in Wuhan, China**—Scheduled to begin operating in summer 2009, Wuhan Tachi-S Johnson Controls Automotive Seat Co., Ltd., is expected to begin by producing seats for approximately 60,000 vehicles annually and subsequently increase its annual capacity to roughly 100,000 vehicles. Tachi-S's investment is projected to amount to ¥1.5 billion. It is our first China-based company to provide vehicle seats for Honda vehicles.
- **Establishment of Technology Center in Fuzhou, China**—With the addition of TACHI-S Engineering China Co., Ltd., we have completed a four-country, global development network that includes facilities in Fuzhou, China; Tokyo and Aichi Prefecture, Japan; Detroit, the United States, and Paris, France.



I would like to explain a little more about the new Chinese technology center, which began operating in July. In its initial stage of operation, we are concentrating on investments in the recruitment and training of human resources. We intend to thoroughly familiarize our Chinese staff with our advanced technologies so that we can build a solid base of operations in China, and we are striving to upgrade related development facilities as quickly as possible. In view of the importance of China—which has increased its annual automobile production volume to approximately 10 million vehicles—we are determined to establish a deeply rooted local presence in China and handle product development within that country.

• **Rebuilding Our Operational Base in Japan's Mature**

**Market**—The Japanese market has already shrunk approximately 30% from its peak level, and some observers plausibly project that the trend of market shrinkage will persist. We intend to restructure our domestic business base in a manner that optimizes the base for operations amid the current business environment.

• **Deepening Business Alliances**—Moving still further ahead with the arrangement of business alliances is a key means of attaining our Vision 2010 objectives.

**Dividend Policy**

We view increasing shareholder returns by augmenting corporate value as one of our top management goals. Accordingly, we are striving to maintain stable dividends while dynamically endeavoring to expand our global operations, strengthen our capital base, and raise our profit ratios. We also consider it highly important to sustain levels of internal reserves that are appropriate in light of our strategy of proactively investing in R&D and global business development to lay a solid foundation for strengthening our financial position, generating appropriate levels of profit, and realizing corporate growth over the medium and long terms.

**Message to Shareholders**

Based on our new corporate philosophy of "contributing to society by supplying products that fill our customers around the world with confidence and inspiration through the development of technologies," the Tachi-S Group is striving to realize Vision 2010 by building solid management platforms and moving steadily forward with rationalization measures to further improve its performance and increase its corporate value. We hope for shareholders' continued support.

June 27, 2008

# Corporate Governance

## CORPORATE GOVERNANCE AND INTERNAL CONTROLS

### and Internal Controls

### Corporate Governance

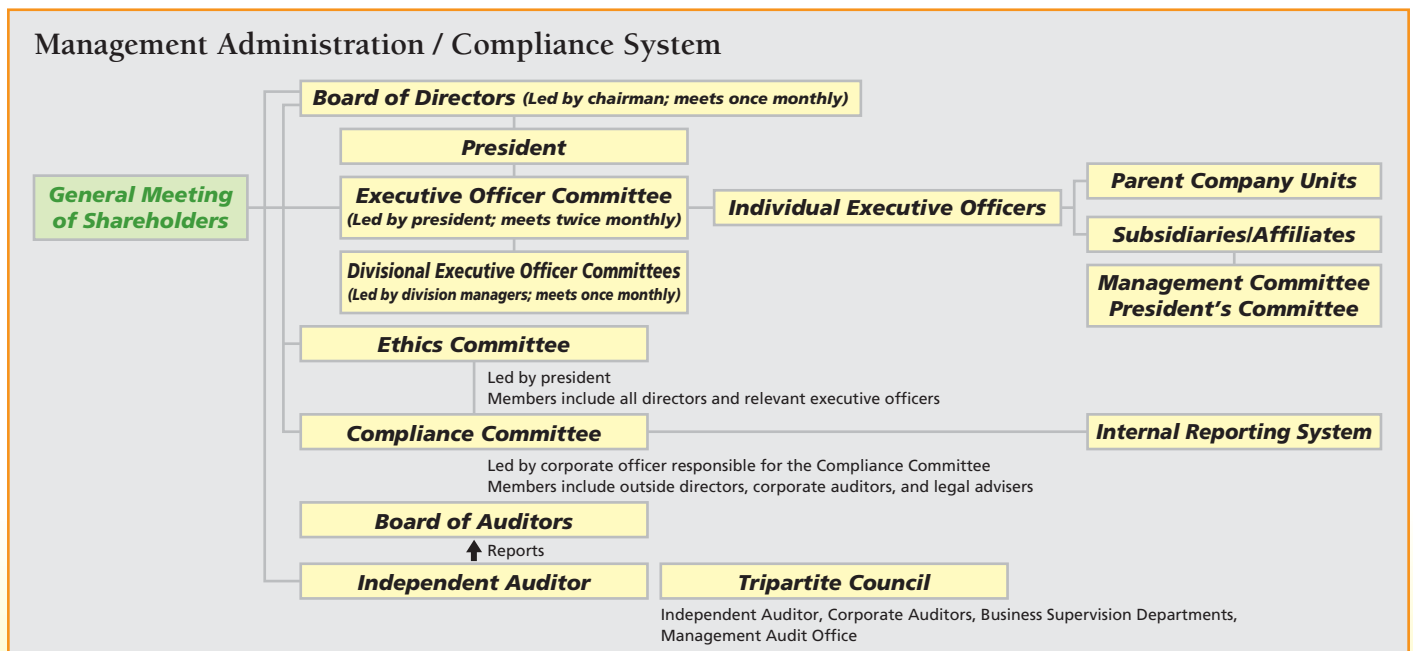
To enhance the transparency and efficiency of our operations as well as maximize our corporate value and meet the expectations of shareholders and other stakeholders, the Tachi-S Group places a strong emphasis on corporate governance. In our activities, the Group works to fulfill our corporate social responsibilities (CSR) by addressing environmental issues and contributing to society.

The Company has adopted the corporate auditor form of corporate governance and has appointed four corporate auditors, two of whom are outside auditors. Also, to ensure that the members of the Board of Directors conduct their activities fairly and transparently, the Company has appointed nine directors, including one outside director, all of whom are elected for a term of one year. In addition, we have combined the Management Strategy Committee, comprising the president, vice president, and senior executive officers, with the Executive Officer Committee, which is composed of all the executive officers, with the aims of accelerating decision making and promoting the efficient conduct of management meetings.

Tachi-S has established “trust” as its core management value and, while pursuing efficiency and soundness in its operations, the Company is continuing to substantially improve its corporate governance systems.

**1) Operational Execution System**—In addition to meeting once or more each month to make decisions on items stipulated by laws and regulations and the articles of incorporation as well as important management related items, the Board of Directors supervises operational execution. As Tachi-S has introduced an executive officer system, the Company’s Executive Officer Committee conducts deliberations on important items other than those items determined by the Board of Directors, and makes decisions and reports regarding those items.

**2) Corporate Auditor System**—Each corporate auditor attends important meetings within the Company and also conducts interviews and visit-audits to audit the operational execution activities of the directors and executive officers as well as the operational execution and financial situation of the Company and its subsidiaries. In addition, meetings are held to promote cooperation and lively exchanges of opinions among the independent auditor, the corporate auditors, the executive officers of management supervision departments, and the Management Audit Office in a manner that promotes greater auditing effectiveness.



## Compliance

To continue being an enterprise that is trusted by society, Tachi-S is instituting comprehensive compliance systems entailing the participation of all employees that ensure the Company maintains rigorous legal and regulatory compliance performance as well as that its operations uniformly accord with its high standards of corporate ethics and corporate philosophy.

**1) Compliance Promotion**—To continue being an excellent corporate citizen that continuously earns society's trust, Tachi-S believes it is necessary to make each individual employee personally involved with compliance activities so that each employee can achieve a strong compliance performance in his or her daily work. To realize this objective, we prepared compact pamphlets containing the Tachi-S Code of Ethics and Internal Reporting System Regulations in 2004 and another pamphlet containing concrete examples of behavior that contravenes the Tachi-S Code of Ethics

in 2007. These pamphlets have been distributed to all employees, and the employees are applying the information in the pamphlets.

To further strengthen its organization for promoting the appropriate management of compliance, Tachi-S has established an Ethics Committee and a Compliance Committee as well as appointed compliance officers to be responsible for compliance matters in individual workplaces.

**2) Internal Reporting System**—In addition to establishing its Ethics Hotline for consultations and reporting related to behavior that is improper, illegal, unethical, or otherwise problematic, Tachi-S has equipped its main offices with E-BOX internal report deposition. To create an environment that facilitates consultations and reporting, the Ethics Hotline enables employees to choose to consult with a corporate auditor, the Management Audit Office, or an outside law office.

## BOARD OF DIRECTORS AND PRINCIPAL OFFICERS

### DIRECTORS

#### Representative Director

#### Chairman & CEO

Kiyoshi Saito

#### Representative Director

#### President & COO

Kosaku Tarumi

#### Representative Director

Mitsuya Koike

#### Directors

Hiroshi Taguchi

Kazuyoshi Matsushita

Yoshiyuki Nogami

Kiyoji Kawamura

Hideo Kobayashi

Michihiro Kitsukawa

### EXECUTIVE OFFICERS

#### Chief Operating Officer

Kosaku Tarumi

#### Executive Vice Presidents

Mitsuya Koike

Hiroshi Taguchi

Kazuyoshi Matsushita

#### Senior Executive Officers

Yoshiyuki Nogami

Kiyoji Kawamura

Hideo Kobayashi

Toshimitsu Kimura

Hiroyuki Miki

Yuzuru Fukuda

### Executive Officers

Noriyoshi Kujime

Takashi Nakamura

Yasuaki Ohno

Itsuro Wakatsuki

Hiroshi Harigaya

Mutsumi Gamou

Takashi Matsushita

Takeshi Ishikawa

Masaki Tomiyama

Fumio Harada

Toru Aoji

### Corporate Auditors

Mamoru Kawasaki

Yoshio Sekiguchi

Hiroyuki Kawai

Nobutake Ippoushi

(As of June 27, 2008)

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Tachi-S Group's fiscal 2008 performance was positively affected by such factors as a rise in Japanese automobile sales centered on exports as well as the business expansion of a Mexico-based subsidiary, the start of full-scale production by a China-based subsidiary, and the start of manufacturing operations by a U.S.-based subsidiary. As a result, consolidated net sales climbed ¥48.342 billion, or 22.3%, year on year, to ¥265.2 billion.

Although earnings were negatively impacted by such factors as a change to the method used to account for depreciation and amortization in Japan and the burden of temporary costs associated with preparations for operations and mass production by a U.S.-based subsidiary, those factors were more than offset by the rise in domestic revenue as well as the sales contributions of Mexico- and China-based subsidiaries in which the Company has been making medium-to-long-term investments. Consequently, the Company posted ¥3.605 billion in consolidated operating income, up ¥3.795 billion from the previous fiscal year. Regarding other income (expenses), losses on sale/disposal of property as well as losses associated with the deterioration of stock market conditions were offset by a gain on sales of securities, subsidy revenue, and a rise in equity in earnings of unconsolidated subsidiaries and affiliates that reflected the strong performance of U.S.-based affiliates. Thus, the Group recorded ¥2.110 billion in consolidated net income, up ¥2.613 billion from the previous fiscal year.

Recognizing that Japan-based automakers' overseas production volume will eventually surpass their domestic production volume, the Tachi-S Group believes it is highly important to further increase the globalization of its operations. In view of this, Tachi-S has drafted its Vision 2010 strategy and been working to advance and expand its business while concurrently increasing its global competitiveness and undertaking management activities characterized by high investment efficiency.

Specifically, the Vision 2010 medium-term management plan calls for Tachi-S to realize business growth through the development of new technologies, the employment of marketing promotion measures, and the strengthening of its global operations

while also undertaking thorough cost-cutting measures, thereby attaining ¥250.0 billion of consolidated net sales and a 10% ROE by fiscal 2011.

### Performance by Business Segment

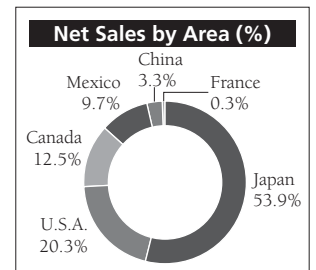
Fiscal 2008 consolidated performance by business segment was as follows.

**Automotive Seat Segment**—Reflecting strong sales of vehicles centered on new models, sales in this segment were ¥264.584 billion, up 22.4% from the previous fiscal year, while operating income amounted to ¥4.252 billion, up 855.8%.

**Real Estate Related Segment**—Tachi-S engages in real estate leasing business to promote the effective use of assets and generate stable profits. This segment booked sales of ¥616 million, up 0.5% from the previous fiscal year, and operating income of ¥327 million, up 11.6%.

### Performance by Geographic Segment

Fiscal 2008 consolidated performance by geographic segment was as follows.



#### Japan

Reflecting strong vehicle sales centered on export models and including models for which the Company had preexisting orders, sales in Japan increased 19.5% year on year, to ¥142.991 billion, while operating income totaled ¥3.119 billion, up 73.8%.

#### United States

Performance reflected contributions from new vehicle models and TACLE Seating U.S.A. LLC, which began marketing operations during the fiscal year under review. Consequently, sales rose 24.4% year on year, to ¥53.919 billion, while operating income surged 714.1% year on year, to ¥685 million.

## Canada

Sales in Canada were ¥33.074 billion, down 1.0%. Reflecting the lack of such special factors as expenses related to the start of supplies for new vehicle models, operating income totaled ¥215 million, compared with an operating loss of ¥582 million in the prior fiscal year.

## Mexico

Business expansion boosted sales in Mexico 41.4% year on year, to ¥25.812 billion, and operating income amounted to ¥227 million, compared with an operating loss of ¥160 million in the prior fiscal year.

## France

Reflecting a rise in component sales and the recovery of development expenses, sales in France climbed 108.1% year on year, to ¥643 million. However, profits were not sufficient to cover fixed costs, and, thus, an operating loss of ¥16 million was recorded, although the size of the loss decreased from the level in the prior fiscal year.

## China

Owing to the start of full-scale manufacturing operations in China from the consolidated fiscal year under review, sales surged 357.7% year on year, to ¥8.761 billion, and operating income amounted to ¥314 million, compared with an operating loss of ¥366 million in the prior fiscal year.

## Financial Analysis

### (1) Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2008 amounted to ¥110.051 billion, up ¥931 million from the previous fiscal year-end. Principal changes included rises of ¥5.697 billion in accounts and notes receivable and of ¥1.764 billion in inventories, both of which accompanied the rise in net sales. Current assets increased ¥3.806 billion due to factors that included a ¥4.852 billion decrease in

repurchase agreements. Long-term assets decreased ¥2.875 billion, mainly owing to a ¥2.603 billion drop in the value of investment securities amid slack market conditions.

Liabilities rose ¥3.045 billion, to ¥60.369 billion. Of the main factors impacting liabilities, the repayment of loans led to a ¥1.448 billion decrease in short-term loans, but this was more than offset by a rise of ¥4.492 billion in accounts and notes payable that accompanied the rise in net sales.

Net assets decreased ¥2.114 billion compared with the prior fiscal year-end, to ¥49.682 billion. Although retained earnings rose ¥1.260 billion, this was more than offset by a ¥1.228 billion drop in net unrealized gain on securities attributable to a general slump in stock prices and a ¥1.973 billion drop in foreign currency translation adjustments attributable to currency exchange rate fluctuations.

### (2) Cash Flows

In fiscal 2008, cash and cash equivalents fell ¥3.990 billion, or 25.8%, to ¥11.502 billion.

Cash provided by operating activities came to ¥3.870 billion, down ¥226 million, or 5.5%, from the level in the previous fiscal year. Although income before income taxes and minority interests amounted to ¥3.833 million, the decline in cash provided by operating activities reflected a ¥5.617 billion rise in notes and accounts receivable and a ¥1.212 billion rise in inventories.

Cash used for investing activities came to ¥5.644 billion, down ¥2.341 billion, or 29.3%, from the level in the previous fiscal year. The main uses of cash included the acquisition of ¥5.462 billion in tangible fixed assets and the acquisition of ¥379 million in investments in securities.

Cash used in financing activities amounted to ¥1.129 billion, a change of ¥1.502 billion from the level in the previous fiscal year, when ¥374 million of cash was provided by financing activities. This mainly resulted from the use of cash to reduce short-term loans ¥1.409 billion.

## CONSOLIDATED BALANCE SHEETS

Tachi-S Co., Ltd. and consolidated subsidiaries As of March 31, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2008	2008
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash, time deposits and other cash equivalents (Note 12) .....	¥ 11,095	¥ 11,402	\$ 113,804
Marketable securities (Notes 4 and 12) .....	159	242	2,415
Accounts and notes receivable:			
Trade .....	30,894	37,833	377,613
Unconsolidated subsidiaries and affiliates (Note 15) .....	709	180	1,797
Other .....	670	711	7,097
	32,273	38,724	386,507
Less: allowance for bad debts .....	(10)	(28)	(280)
	32,263	38,696	386,227
Inventories (Note 6) .....	5,889	7,653	76,385
Advance payments (Note 15) .....	434	1,086	10,839
Deferred income taxes (Note 11) .....	887	1,060	10,580
Other current assets (Note 12) .....	6,411	805	8,035
Total current assets .....	57,138	60,944	608,285
<b>Investments and advances:</b>			
Investments in securities (Note 4) .....	7,136	5,292	52,820
Investments in unconsolidated subsidiaries and affiliates .....	10,547	9,905	98,862
Deferred income taxes (Note 11) .....	378	306	3,054
Long-term loans and other investments .....	1,039	857	8,554
	19,100	16,360	163,290
<b>Property, plant and equipment (Note 7):</b>			
Land .....	5,693	6,044	60,325
Buildings and structures .....	22,749	22,669	226,260
Machinery and equipment .....	35,893	37,797	377,253
Construction in progress .....	1,623	1,071	10,690
	65,958	67,581	674,528
Less: accumulated depreciation .....	(35,274)	(36,840)	(367,701)
Net property, plant and equipment .....	30,684	30,741	306,827
<b>Intangibles and deferred charges</b> .....	2,198	2,006	20,022
<b>Total assets</b> .....	¥109,120	¥110,051	\$1,098,424

The accompanying notes are an integral part of these statements. Accounting data for 2007 and 2008 is unaudited.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2008	2008
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Note 7).....	¥ 2,811	¥ 1,363	\$ 13,604
Accounts and notes payable:			
Trade.....	35,385	33,601	335,373
Unconsolidated subsidiaries and affiliates (Note 15).....	5,276	6,276	62,641
Construction and acquisition of properties.....	1,417	772	7,705
Other.....	845	2,023	20,192
	42,923	42,672	425,911
Income taxes payable.....	485	1,160	11,578
Other current liabilities.....	2,149	6,456	64,438
<b>Total current liabilities.....</b>	<b>48,368</b>	<b>51,651</b>	<b>515,531</b>
<b>Fixed liabilities:</b>			
Long-term debt.....	2,526	2,702	26,969
Reserve for retirement benefits (Note 8).....	1,833	1,981	19,772
Deferred income taxes (Note 11).....	694	175	1,747
Negative goodwill.....	39	10	100
Other non-current liabilities.....	3,864	3,850	38,427
<b>Total fixed liabilities.....</b>	<b>8,956</b>	<b>8,718</b>	<b>87,015</b>
<b>Total liabilities.....</b>	<b>57,324</b>	<b>60,369</b>	<b>602,546</b>
<b>Net assets:</b>			
Common stock:			
Authorized: 140,000,000 shares			
Issued: 35,022,846 shares.....	8,145	8,145	81,296
Additional paid-in capital.....	7,699	7,699	76,844
Retained earnings.....	29,682	30,942	308,833
Treasury stock (Note 2 (20)).....	(3,569)	(3,571)	(35,642)
<b>Total shareholders' equity.....</b>	<b>41,957</b>	<b>43,215</b>	<b>431,331</b>
Net unrealized gain on securities (Note 4).....	1,859	631	6,298
Foreign currency translation adjustments.....	3,131	1,158	11,558
<b>Total valuation, translation adjustments and others.....</b>	<b>4,990</b>	<b>1,789</b>	<b>17,856</b>
Minority interest in consolidated subsidiaries.....	4,849	4,678	46,691
<b>Total net assets.....</b>	<b>51,796</b>	<b>49,682</b>	<b>495,878</b>
<b>Total liabilities and net assets.....</b>	<b>¥109,120</b>	<b>¥110,051</b>	<b>\$1,098,424</b>

## CONSOLIDATED STATEMENTS OF INCOME

Tachi-S Co., Ltd. and consolidated subsidiaries Years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2006	2007	2008	2008
<b>Net sales</b> (Note 13).....	¥210,791	¥216,858	<b>¥265,200</b>	<b>\$2,646,971</b>
<b>Operating costs and expenses:</b>				
Cost of sales (Notes 13 and 15) .....	197,500	205,155	<b>249,973</b>	<b>2,494,990</b>
Selling, general and administrative expenses (Note 13) .....	10,207	11,893	<b>11,622</b>	<b>116,000</b>
Operating income (loss) .....	3,084	(190)	<b>3,605</b>	<b>35,981</b>
<b>Other income (expenses):</b>				
Interest and dividend income .....	323	614	<b>405</b>	<b>4,042</b>
Interest expenses .....	(66)	(62)	<b>(307)</b>	<b>(3,064)</b>
Bond issue cost, etc. ....	—	(48)	—	—
Loss on sale/disposal of property, net.....	(100)	(190)	<b>(161)</b>	<b>(1,607)</b>
Gain on sales of investment securities (Note 4) .....	—	203	<b>77</b>	<b>769</b>
Subsidy revenue .....	—	213	<b>236</b>	<b>2,356</b>
Exchange gain or loss .....	253	(48)	<b>(777)</b>	<b>(7,755)</b>
Evaluation loss on investment securities .....	—	—	<b>(161)</b>	<b>(1,607)</b>
Loss on devaluation of golf memberships .....	—	—	<b>(27)</b>	<b>(269)</b>
Evaluation loss on affiliates' investments .....	—	(92)	<b>(13)</b>	<b>(130)</b>
Amortization of negative goodwill.....	23	26	<b>28</b>	<b>279</b>
Equity in earnings of unconsolidated subsidiaries and affiliates .....	709	100	<b>831</b>	<b>8,294</b>
Loss on sale of affiliates' investments.....	—	(39)	—	—
Loss on prior-period adjustment .....	—	(352)	—	—
Impairment loss on fixed assets (Note 9) .....	(80)	—	<b>(32)</b>	<b>(319)</b>
Other, net .....	150	191	<b>129</b>	<b>1,288</b>
	1,212	516	<b>228</b>	<b>2,277</b>
Income before income taxes and minority interests .....	4,296	326	<b>3,833</b>	<b>38,258</b>
<b>Income taxes</b> (Note 11):				
Current .....	2,008	896	<b>1,619</b>	<b>16,159</b>
Deferred .....	(607)	16	<b>169</b>	<b>1,687</b>
	1,401	912	<b>1,788</b>	<b>17,846</b>
<b>Minority interests in net income of consolidated subsidiaries</b> .....	(955)	83	<b>65</b>	<b>649</b>
Net income (loss) .....	¥ 1,940	¥ (503)	<b>¥ 2,110</b>	<b>\$ 21,061</b>

	Yen			U.S. dollars (Note 3)
<b>Net income (loss) and dividends per share</b> (Note 2 (18)):				
Net income (loss): primary .....	¥57.15	¥(15.00)	<b>¥68.01</b>	<b>\$0.679</b>
Cash dividends .....	10.00	12.00	<b>10.00</b>	<b>0.100</b>

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal year under review (April 1, 2007, to March 31, 2008)

	Millions of yen									
	Shareholders' equity					Valuation, translation adjustments and others				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interest in consolidated subsidiaries	Total net assets
<b>Balance at March 31, 2007</b> .....	¥8,145	¥7,699	¥29,682	¥(3,569)	¥41,957	¥1,859	¥3,131	¥4,990	¥4,849	¥51,796
Change of items during the period .....										
Cash dividends .....	—	—	(340)	—	(340)	—	—	—	—	(340)
Net income .....	—	—	2,110	—	2,110	—	—	—	—	2,110
Treasury stock purchased .....	—	—	—	(2)	(2)	—	—	—	—	(2)
Disposal of treasury stock .....	—	(0)	—	0	0	—	—	—	—	0
Other .....	—	—	(510)	—	(510)	—	—	—	—	(510)
Net changes of items other than shareholders' equity .....	—	—	—	—	—	(1,228)	(1,973)	(3,201)	(171)	(3,372)
Total of changes during the fiscal year .....	—	(0)	1,260	(2)	1,258	(1,228)	(1,973)	(3,201)	(171)	(2,114)
<b>Balance at March 31, 2008</b> .....	<b>¥8,145</b>	<b>¥7,699</b>	<b>¥30,942</b>	<b>¥(3,571)</b>	<b>¥43,215</b>	<b>¥ 631</b>	<b>¥1,158</b>	<b>¥1,789</b>	<b>¥4,678</b>	<b>¥49,682</b>

	Thousands of U.S. dollars (Note 3)									
	Shareholders' equity					Valuation, translation adjustments and others				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interest in consolidated subsidiaries	Total net assets
<b>Balance at March 31, 2007</b> .....	\$81,296	\$76,844	\$296,257	\$(35,622)	\$418,775	\$18,555	\$31,251	\$49,806	\$49,398	\$516,979
Change of items during the period .....										
Cash dividends .....	—	—	(3,394)	—	(3,394)	—	—	—	—	(3,394)
Net income .....	—	—	21,061	—	21,061	—	—	—	—	21,061
Treasury stock purchased .....	—	—	—	(20)	(20)	—	—	—	—	(20)
Disposal of treasury stock .....	—	(0)	—	0	0	—	—	—	—	0
Other .....	—	—	(5,091)	—	(5,091)	—	—	—	—	(5,091)
Net changes of items other than shareholders' equity .....	—	—	—	—	—	(12,257)	(19,693)	(31,950)	(1,707)	(33,657)
Total of changes during the fiscal year .....	—	(0)	12,576	(20)	12,556	(12,257)	(19,693)	(31,950)	(1,707)	(21,101)
<b>Balance at March 31, 2008</b> .....	<b>\$81,296</b>	<b>\$76,844</b>	<b>\$308,833</b>	<b>\$(35,642)</b>	<b>\$431,331</b>	<b>\$ 6,298</b>	<b>\$11,558</b>	<b>\$17,856</b>	<b>\$46,691</b>	<b>\$495,878</b>

The accompanying notes are an integral part of these statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Tachi-S Co., Ltd. and consolidated subsidiaries Years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2006	2007	2008	2008
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests .....	¥ 4,296	¥ 326	¥ 3,833	\$ 38,258
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization .....	4,132	3,953	4,664	46,552
Gain on sales of investment securities .....	—	(203)	(77)	(769)
Loss on prior-period adjustment .....	—	352	—	—
Amortization of negative goodwill .....	(23)	(26)	(28)	(279)
Increase (decrease) in allowance for bad debt .....	4	(70)	59	589
Interest and dividend income .....	(323)	(614)	(405)	(4,042)
Interest expenses .....	66	62	307	3,064
Equity in earnings (loss) of affiliates .....	(709)	(100)	(831)	(8,294)
Loss on sale/disposal of properties, net .....	100	190	161	1,607
Increase in notes and accounts receivable .....	(2,646)	(1,016)	(6,633)	(66,204)
Increase (decrease) in inventories .....	(636)	(798)	(2,010)	(20,062)
Increase (decrease) in notes and accounts payable .....	3,423	3,854	4,800	47,909
Other .....	1,227	(1,082)	69	689
Subtotal .....	8,911	4,828	3,909	39,018
Interest and dividend income received .....	930	1,278	1,038	10,360
Interest paid .....	(5)	(16)	(237)	(2,366)
Income taxes refunded .....	—	—	1	10
Income taxes paid .....	(2,234)	(1,994)	(841)	(8,394)
Net cash provided by operating activities .....	7,602	4,096	3,870	38,628
<b>Cash flows from investing activities:</b>				
Decrease (increase) in short-term investments .....	—	192	(8)	(79)
Payments for purchase of property, plant and equipment .....	(4,989)	(6,186)	(5,462)	(54,516)
Proceeds from sale of property, plant and equipment .....	506	3	161	1,606
Payments for purchase of investments in securities .....	(808)	(1,550)	(379)	(3,782)
Proceeds from sale of investments in securities .....	924	256	84	838
Payment for investments in unconsolidated subsidiaries and affiliates .....	(1,004)	(58)	—	—
Other .....	(102)	(642)	(40)	(400)
Net cash used in investing activities .....	(5,473)	(7,985)	(5,644)	(56,333)
<b>Cash flows from financing activities:</b>				
(Decrease) increase in short-term bank loans, net (Note 7) .....	(94)	2,736	(1,409)	(14,063)
Proceeds from long-term debt .....	—	2,526	301	3,004
Proceeds from sale of treasury stock .....	328	—	0	0
Payments for purchase of treasury stock .....	(650)	(3,567)	(2)	(19)
Proceeds from financial contribution of minority .....	254	264	771	7,695
Cash dividends paid to minority shareholders .....	(392)	(1,203)	(448)	(4,471)
Cash dividends paid .....	(310)	(382)	(342)	(3,414)
Other .....	81	—	0	0
Net cash provided by (used in) financing activities .....	(783)	374	(1,129)	(11,268)
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	765	70	(1,113)	(11,110)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	2,111	(3,445)	(4,016)	(40,083)
<b>Cash and cash equivalents at beginning of year .....</b>	16,074	18,191	15,492	154,626
<b>Increase in cash and equivalents for increasing amount of consolidated subsidiary .....</b>	6	746	26	259
<b>Cash and cash equivalents at end of year (Note 12) .....</b>	¥18,191	¥15,492	¥11,502	\$114,802

The accompanying notes are an integral part of these statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tachi-S Co., Ltd. and consolidated subsidiaries

## 1. Basis of Presenting the Consolidated Financial Statements

### (1) Accounting Principles

The accompanying consolidated financial statements have been prepared from the accounts maintained by TACHI-S CO., LTD. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

The accompanying consolidated financial statements of the Company and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

## 2. Summary of Significant Accounting Policies

### (1) Scope of Consolidation

The Company had 21 and 19 majority-owned subsidiaries as of March 31, 2007 and 2008, respectively. The consolidated financial statements include the accounts of the Company and 15 subsidiaries for the year ended March 31, 2007. The consolidated financial statements include the accounts of the Company and 14 subsidiaries for the year ended March 31, 2008.

The 14 subsidiaries which have been consolidated with the Company for the year ended March 31, 2008 are listed below:

	Equity ownership percentage
Nui Tec Corporation .....	100.0%
Tachi-S Parts Co., Ltd. ....	100.0%
Tachikawa Hatsujou Co., Ltd. ....	77.7%
Nissin Kogyosho Co., Ltd. ....	100.0%
Tachi-S Engineering U.S.A. Inc. ....	100.0%
Setex Inc. ....	51.0%
Syntec, Inc. ....	100.0%
TACLE Seating U.S.A. LLC .....	51.0%
Tachi-S Canada Ltd. ....	100.0%
Setex Canada GP .....	51.0%
Industria de Asiento Superior, S.A. de C.V. ....	100.0%
Tachi-S Engineering Europe S.A.R.L. ....	100.0%
TACLE Guangzhou Automotive Seat Co., Ltd. ....	51.0%
Tachi-S Trim Guangzhou Co., Ltd. ....	100.0%

The Company and its consolidated subsidiaries are hereinafter referred to as the "Companies."

Generally, companies that are more than 50% owned fall under the category of subsidiaries, while companies that are 20% to 50% owned fall under the category of affiliates. In accordance with prevailing accounting practices in Japan, companies that are 40% to 50% owned may also fall into the category of subsidiaries and companies that are 15% to 20% owned may also fall into the category of affiliates if the Company substantially controls the management of such companies or has a significant influence over or relationship with them.

The above-shown consolidated subsidiaries (except for Nissin Kogyosho Co., Ltd., Industria de Asiento Superior, S.A. de C.V., TACLE Seating U.S.A. LLC, TACLE Guangzhou Automotive Seat Co., Ltd., and Tachi-S Trim Guangzhou Co., Ltd.) have fiscal years ending on March 31 of each year, the same as that of the Company. Industria de Asiento Superior, S.A. de C.V., TACLE Seating U.S.A. LLC, TACLE Guangzhou Automotive Seat Co., Ltd. and Tachi-S Trim Guangzhou Co., Ltd. have fiscal years ending on December 31 of each year. Nissin Kogyosho Co., Ltd. has fiscal years ending on February 28 or 29 of each year.

Unconsolidated subsidiaries' combined total assets, net sales, net income, and retained earnings do not have a significant influence on the Company's consolidated financial statements and, therefore, those subsidiaries have been excluded from consolidation.

### (2) Elimination of Inter-Company Accounts

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is charged/credited to "Minority interests in consolidated subsidiaries."

Any difference between the cost of investments in the common stock of consolidated subsidiaries and the underlying equity in net assets of such subsidiaries is deferred and amortized over a five-year period on a straight-line basis.

### (3) Investments in Unconsolidated Subsidiaries and Affiliates

The Company had six unconsolidated subsidiaries and one affiliate at March 31, 2007 and five unconsolidated subsidiaries and one affiliate at March 31, 2008. The equity method has been applied to the investments in six affiliates, Technotrim, Inc., Kinryo Kogyo Co., Ltd., Fuji Kiko Co., Ltd., Fuji Autotech U.S.A. LLC, TACLE Seating U.K. Limited, and Fuji Autotech Guangzhou Co., Ltd. The equity method has been applied since the year ended March 31, 1997 because the investments in the remaining unconsolidated subsidiaries and affiliates do not have any material effect on consolidated net income in the consolidated financial statements. The investments in the remaining unconsolidated subsidiaries and affiliates are carried at cost or less.

#### **(4) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)**

Assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet dates. Net assets at the beginning of the year are translated into Japanese yen at historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average rate during the year. Differences in yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustments" in the "Total net assets" account.

#### **(5) Cash and Cash Equivalents**

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

#### **(6) Inventories**

Inventories are valued according to the category of inventory and method as follows:

Finished products, work-in-process (mass-production items) and raw materials..... at cost determined principally by the average method

Non-mass-production finished products and work-in-process ..... at cost determined principally by the individual cost method

Supplies ..... at cost determined principally by the last purchase price method

#### **(7) Valuation of Securities**

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the "Net assets account" at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

#### **(8) Derivatives**

All derivatives are stated at fair value with changes in fair value being included in the net income of the year in which they arise.

#### **(9) Property, Plant and Equipment**

Property, plant and equipment are stated at cost and depreciated over the estimated useful lives of the respective assets by the declining-balance method, except for certain buildings of the Company and its domestic consolidated subsidiaries, placed in service after April 1, 1998, which are depreciated by the straight-line method.

In accordance with the revised Japanese Corporation Tax Law and its regulation, the Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007. As a result, operating income, ordinary income and net income before income taxes each decreased by ¥169 million.

For the tangible fixed assets held at March 31, 2007, the Company and its domestic consolidated subsidiaries also, in conjunction with the revision of the tax law, have changed their estimates of residual values of those assets at the end of their useful lives. The reduction in residual values of those assets is allocated over 5 years. As a result, operating income, ordinary income and net income before income taxes each decreased by ¥72 million.

#### **(10) Amortization**

Amortization of intangible assets is computed by the straight-line method.

Expenditure relating to computer software developed for internal use is charged to income as incurred, except if it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life, which is in the range of five years.

The Company applies the provisions of the Statement of Financial Accounting Standards No. 142, "Goodwill and other intangible assets," to the goodwill acquired by a consolidated subsidiary in Canada.

#### **(11) Bond Issuance Costs**

Bond issuance costs are treated as expenses at the time of payment.

(Provisional Accounting Treatment of Deferred Assets)

Beginning with the consolidated fiscal year under review, the Company has applied "Provisional Accounting Treatment of Deferred Assets" (Accounting Standards Application Report No. 19, issued August 11, 2006, by the Accounting Standards Board of Japan). The effect of the application of these standards is not material.

#### **(12) Allowance for Bad Debts**

The allowance for bad debts is calculated on the basis of the actual bad debt rate for general accounts receivable and the assessed recoverability of individual bad debts.

#### **(13) Reserve for Directors' Bonuses**

To provide for the payment of bonuses to directors, conditional to the approval of the General Meeting of Shareholders, the Company sets aside a reserve equivalent to the amount to be paid.

**(14) Reserve for Retirement Benefits**

The Companies provided a "Reserve for retirement benefits" for employees, directors and statutory auditors.

The Companies have an unfunded retirement benefit plan for its employees and a funded employees' pension plan.

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets, except that the unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the year following that in which they arise.

Until the year ended March 31, 2002, the Company had established a tax-qualified pension plan only for those of retirement age. Effective from the year ended March 31, 2003, the Company completely shifted to a tax-qualified pension plan. As a result, past service liabilities have occurred. The past service liabilities are amortized on a straight-line basis over the period of 10 years from the year in which they arise.

With respect to directors and statutory auditors, the Company and its domestic subsidiaries provide for lump-sum severance benefits. While the Company and its domestic subsidiaries have no legal obligation, it is a customary practice in Japan to make lump-sum payments to a director or statutory auditor upon retirement following approval by the shareholders at a general meeting. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not funded.

**(15) Income Tax**

Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. Future tax benefits, such as net operating loss carryforwards and tax credit carryforwards, are recognized to the extent that such benefits are more likely than not to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized income in the period that includes the enactment date.

**(16) Accounting for Leases**

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except that leases which do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles generally accepted in Japan.

**(17) Inflation Accounting Employed by Industria de Asiento Superior, S.A. de C.V.**

One of the consolidated subsidiaries of the Company, Industria de Asiento Superior, S.A. de C.V., which is incorporated in Mexico, has adjusted its financial statements for the effects of inflation in Mexico in conformity with generally accepted accounting principles in Mexico.

Under the method, adjustments on account balances for purchase costs, accumulated depreciation of permanent establishments (e.g. fixed assets, investments and deferred charges) and shareholders' equity were made based on the National Consumer Price Index. The purchasing power gain or loss arising from the monetary position for the year is credited or charged to income for the respective year.

**(18) Net Income and Dividends per Share**

Net income per common share is based upon the weighted average number of common shares outstanding during each year.

Cash dividends per share shown for each year in the consolidated statements of income and retained earnings represent dividends declared as applicable to the respective year.

**(19) Accounting for Consumption Tax**

The Japanese Consumption Tax Law imposes a consumption tax at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions). Consumption tax withheld upon sale is not included in the amount of "Net sales" in the accompanying consolidated statements of income and retained earnings but is recorded as a liability. Consumption tax which is paid by the Company and domestic subsidiaries on the purchases of goods and services is not included in costs or expenses in the consolidated statements of income and retained earnings but is offset against the balance withheld, and the net balance is included in "Other current liabilities" in the consolidated balance sheets.

**(20) Treasury Stock**

The amount of treasury stock, which is held by the Company and an affiliate which applied the equity method, is 3,975,726 of common stock.

**(21) Consolidated Adjustment Account**

Beginning with the fiscal year under review, the "Consolidated adjustment account" on the consolidated balance sheets has been presented as "Negative goodwill." In addition, "Amortization of the consolidated adjustment account," previously shown in the consolidated statements of income and the consolidated statements of cash flows has been presented as "Amortization of negative goodwill" beginning with the fiscal year under review.

**(22) Loss on Restatement of Income for Prior Years**

This is the amount reported accompanying the adoption of the general treatment approach for certain domestic affiliates accounted for under the equity method. Previously, certain domestic affiliates accounted for under the equity method were accounted for based on the non-consolidated accounts of these companies, but beginning with the fiscal year under review, these companies are accounted for based on their consolidated accounts. As a result, net income prior to current and deferred income taxes was ¥352 million lower than it would have been otherwise for the year ended March 31, 2007.

### 3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥100.19=US\$1, the rate of exchange on March 31, 2008, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

### 4. Marketable Securities, Investments in Securities and Investments in Unconsolidated Subsidiaries and Affiliates

(a) Other securities with available market quotations:

	Millions of yen						Thousands of U.S. dollars			
	2007			2008			2008			
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)	
Securities with unrealized gains:										
Equity securities .....	¥2,188	¥5,440	¥3,252	¥1,552	¥3,475	¥1,923	\$15,491	\$34,684	\$19,193	
Bonds and debentures .....	250	268	18	0	0	0	0	0	0	0
Other securities .....	10	18	8	10	15	5	100	150	50	
	¥2,448	¥5,726	¥3,278	¥1,562	¥3,490	¥1,928	\$15,591	\$34,834	\$19,243	
Securities with unrealized losses:										
Equity securities .....	¥1,520	¥1,365	¥ (155)	¥2,381	¥1,530	¥ (851)	\$23,765	\$15,271	\$ (8,494)	
Bonds and debentures .....	—	—	—	250	235	(15)	2,495	2,346	(149)	
Other securities .....	160	160	—	142	142	0	1,417	1,417	0	
	¥1,680	¥1,525	¥ (155)	¥2,773	¥1,907	¥ (866)	\$27,677	\$19,034	\$ (8,643)	
Total .....	¥4,128	¥7,251	¥3,123	¥4,335	¥5,397	¥1,062	\$43,268	\$53,868	\$10,600	

(b) Realized gains and losses on sales of "other securities":

	Millions of yen									Thousands of U.S. dollars		
	2006			2007			2008			2008		
	Sales value	Profit on sales	Loss on sales	Sales value	Profit on sales	Loss on sales	Sales value	Profit on sales	Loss on sales	Sales value	Profit on sales	Loss on sales
	¥—	¥—	¥—	¥256	¥203	¥—	¥84	¥77	¥—	\$838	\$768	\$—

(c) Carrying amounts of other securities with no available fair value:

	Millions of yen						Thousands of U.S. dollars				
	2007		2008		2008		2008				
	Carrying amounts		Carrying amounts		Carrying amounts		Carrying amounts				
Other securities:											
Unlisted shares (except over-the-counter stock) .....	¥43					¥ 37			\$ 369		
Certificate of deposit .....	—					100			998		
Total .....	¥43					¥137			\$1,367		

### 5. Derivatives

As the Company and its consolidated subsidiaries had no derivatives at March 31, 2008, the Company and its consolidated subsidiaries did not disclose derivatives for the year ended March 31, 2008.

### 6. Inventories

Inventories at March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Finished products .....	¥2,124	¥1,779	\$17,756
Work-in-process .....	593	553	5,520
Raw materials and supplies .....	3,171	5,321	53,109
	¥5,889	¥7,653	\$76,385

## 7. Short-Term and Long-Term Debt

The annual average interest rate applicable to short-term debt at March 31, 2008 was 3.7% and to long-term debt at March 31, 2008 was 3.0%.

Short-term debt at March 31, 2007 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Short-term debt, of which the annual average interest rate is 3.7% .....	¥2,836	<b>¥1,388</b>	<b>\$13,854</b>
Long-term debt, of which the annual average interest rate is 3.0% .....	2,526	<b>2,702</b>	<b>26,969</b>

At March 31, 2007 and 2008, assets pledged as collateral for contingent liabilities or other long-term debt, including the current portion of other long-term debt, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Land .....	¥1,062	<b>¥1,062</b>	<b>\$10,600</b>
Buildings and structures .....	4,815	<b>4,509</b>	<b>45,004</b>
Machinery and equipment.....	6	<b>6</b>	<b>60</b>
	¥5,884	<b>¥5,577</b>	<b>\$55,664</b>

## 8. Reserve for Retirement Benefits

The Company has unfunded retirement benefit plans for its employees and a funded employees' pension plan.

The reserve for retirement benefits as of March 31, 2007 and 2008 is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Projected benefit obligations .....	¥(6,110)	<b>¥(5,920)</b>	<b>\$(59,088)</b>
Plan assets .....	5,214	<b>4,110</b>	<b>41,022</b>
	(896)	<b>(1,810)</b>	<b>(18,066)</b>
Unrecognized actuarial differences.....	119	<b>889</b>	<b>8,873</b>
Past service liabilities.....	(647)	<b>(603)</b>	<b>(6,019)</b>
Reserve for retirement benefits.....	¥(1,424)	<b>¥(1,524)</b>	<b>\$(15,212)</b>

Net pension expense related to the retirement benefits for the years ended March 31, 2006, 2007 and 2008 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Service cost .....	¥354	¥428	<b>¥370</b>	<b>\$3,693</b>
Interest cost .....	129	133	<b>110</b>	<b>1,098</b>
Expected return on plan assets .....	(84)	(153)	<b>(148)</b>	<b>(1,477)</b>
Amortization of unrecognized actuarial differences .....	178	122	<b>99</b>	<b>988</b>
Amortization of past service liabilities .....	55	38	<b>(43)</b>	<b>(429)</b>
One-time payments of extra retirement benefits.....	—	0	<b>7</b>	<b>70</b>
Net pension expense .....	¥632	¥568	<b>¥395</b>	<b>\$3,943</b>

Assumptions used in the calculation of the above information were as follows:

	2007	2008
Method of attributing the projected benefits to periods of service .....	Straight-line basis	<b>Straight-line basis</b>
Discount rate .....	2.0%	<b>2.0%</b>
Expected rate of return on plan assets .....	3.0%	<b>3.0%</b>
Amortization of past service liabilities.....	10 years	<b>10 years</b>
Amortization of unrecognized actuarial differences.....	10 years	<b>10 years</b>

The reserve for retirement benefits in the accompanying consolidated balance sheets at March 31, 2007 and 2008 included provisions related to directors and statutory auditors in the amounts of ¥408 million and ¥455 million (\$4,541 thousand), respectively.

## 9. Impairment of Fixed Assets

The Company and consolidated subsidiaries recognized impairment losses on the following assets for the year ended March 31, 2008.

Location	Use	Impaired assets	Thousands of	
			Millions of yen	U.S. dollars
Ome-city, Tokyo .....	Assets for sale	Land and building, etc.	¥31	\$309
			¥31	\$309

The Group classifies its assets into groups corresponding to business segments. However, rental real estate, idle assets, assets for sale, etc., are each assigned to an independent asset group.

Regarding assets for sale in Ome-city, Tokyo, because the market price has fallen considerably below the book value, the book value has been reduced to the recoverable amount, and the reduction amount has been recorded as a ¥31 million impairment loss within extraordinary losses.

## 10. Contingent Liabilities

The Companies were contingently liable for guarantees of loans at March 31, 2007 and 2008 as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Loans borrowed by:			
TACLE Seating U.K. Limited (U.K.) .....	¥ 767	¥472	\$4,711
Fuji Autotech U.S.A. LLC .....	530	406	4,052
Fuji Autotech Guangzhou Co., Ltd. ....	207	114	1,138
Tachi-S Service Co., Ltd. ....	2	3	30
Employees.....	2	1	10
	¥1,508	¥996	\$9,941

Guarantees provided for leasing contracts of affiliated companies are as follows:

Fuji Autotech U.S.A. LLC: ¥217 million

## 11. Income Taxes

The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2006, 2007 and 2008 was 40.5%.

At March 31, 2006, 2007 and 2008, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

	2006	2007	2008
Statutory tax rate .....	40.5%	40.5%	40.5%
Dividend income .....	4.6	124.0	4.9
Equity in earnings of affiliates .....	(9.5)	(9.1)	(6.5)
Special deduction of research and development costs.....	(5.0)	(17.3)	(4.0)
Tax rate difference of subsidiaries in foreign countries .....	—	46.9	(7.5)
Change in the valuation allowance.....	—	94.8	24.8
Deduction for foreign taxes .....	—	(28.5)	(1.4)
Deduction for investment tax paid by U.S. subsidiaries.....	—	(10.4)	—
Loss on restatement of income for prior years .....	—	43.8	—
Other .....	2.0	(4.6)	(4.2)
Effective tax rate .....	32.6%	280.1%	46.6%

At March 31, 2007 and 2008, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
<b>Deferred tax assets:</b>			
Reserve for retirement benefits.....	¥ 736	¥ 735	\$ 7,336
Accrued expenses .....	825	753	7,516
Eliminated unrealized profits .....	71	60	599
Operating loss carryforwards.....	918	736	7,346
Refundable capital tax in Mexico .....	99	50	499
Other .....	778	853	8,514
Total gross deferred tax assets.....	3,427	3,187	31,810
Less: valuation allowance .....	(752)	(815)	(8,135)
Total deferred tax assets.....	2,675	2,372	23,675
Set-off: deferred tax liabilities.....	(1,410)	(1,006)	(10,041)
Net deferred tax assets.....	¥1,265	¥1,366	\$13,634
Current .....	¥ 887	¥1,060	\$10,580
Non-current .....	378	306	3,054
<b>Deferred tax liabilities:</b>			
Tax deductible reserve .....	¥ (68)	¥ (60)	\$ (600)
Undistributed earnings of foreign subsidiaries and affiliates .....	(356)	(460)	(4,590)
Net unrealized gain or loss on securities .....	(1,266)	(430)	(4,292)
Depreciation expense .....	(168)	(188)	(1,876)
Other .....	(248)	(44)	(440)
Total gross deferred tax liabilities .....	(2,106)	(1,182)	(11,798)
Set-off: deferred tax assets .....	1,410	1,006	10,041
Net deferred tax liabilities .....	¥ (696)	¥ (176)	\$ (1,757)
Current .....	¥ 2	¥ 2	\$ 20
Non-current .....	694	174	1,737

In assessing the realizability of deferred tax assets, the management of the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is entirely dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which those temporary differences become deductible. Although realization is not assured, management has considered the projected future taxable income in making this assessment. Based on these factors, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, as of March 31, 2007 and 2008, respectively.

## 12. Supplementary Cash Flow Information

Cash and cash equivalents consisted of:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Cash, time deposits and other cash equivalents .....	¥18,191	¥11,095	¥11,402	\$113,804
Marketable securities .....	347	159	242	2,415
Other current assets (short-term loans receivable) .....	—	4,397	—	—
	18,538	15,651	11,644	116,219
Short-term investments with maturity terms of over three months .....	(347)	(159)	(142)	(1,417)
Cash and cash equivalents at end of year.....	¥18,191	¥15,492	¥11,502	\$114,802

### 13. Segment Information

#### (1) Industry Segment Information

##### Industry Segment Information

Sales, operating income and assets of the Companies for the years ended March 31, 2007 and 2008 are classified by industry segment (divided into sales, operating income and assets within automobile seats and real estate).

Financial Indicators by Industry Segment for the Fiscal Year under Review  
(April 1, 2006, to March 31, 2007)

	Millions of yen				
	Automobile Seats and Other	Real Estate	Total	Eliminations or company-wide	Consolidated
Net sales to:					
(1) Outside customers .....	¥216,245	¥ 613	¥216,858	¥ —	¥216,858
(2) Inter-segment sales/transfers .....	—	—	—	—	—
Total .....	216,245	613	216,858	—	216,858
Operating expenses.....	215,800	320	216,120	928	217,048
Operating income .....	¥ 445	¥ 293	¥ 738	¥ (928)	¥ (190)
Assets, depreciation, and capital expenditures:					
Assets .....	¥ 96,897	¥3,208	¥100,105	¥9,015	¥109,120
Depreciation .....	3,694	233	3,927	25	3,952
Capital expenditures .....	6,462	—	6,462	3	6,465

(April 1, 2007, to March 31, 2008)

	Millions of yen				
	Automobile Seats and Other	Real Estate	Total	Eliminations or company-wide	Consolidated
Net sales to:					
(1) Outside customers .....	¥264,584	¥ 616	¥265,200	¥ —	¥265,200
(2) Inter-segment sales/transfers .....	—	—	—	—	—
Total .....	264,584	616	265,200	—	265,200
Operating expenses.....	260,332	289	260,621	974	261,595
Operating income .....	¥ 4,252	¥ 327	¥ 4,579	¥ (974)	¥ 3,605
Assets, depreciation, and capital expenditures:					
Assets .....	¥ 98,194	¥3,002	¥101,196	¥8,855	¥110,051
Depreciation .....	4,439	207	4,646	18	4,664
Capital expenditures .....	5,559	0	5,559	5	5,564

	Thousands of U.S. dollars				
	Automobile Seats and Other	Real Estate	Total	Eliminations or company-wide	Consolidated
Net sales to:					
(1) Outside customers .....	\$2,640,823	\$ 6,148	\$2,646,971	\$ —	\$2,646,971
(2) Inter-segment sales/transfers .....	—	—	—	—	—
Total .....	2,640,823	6,148	2,646,971	—	2,646,971
Operating expenses.....	2,598,383	2,885	2,601,268	9,722	2,610,990
Operating income .....	\$ 42,440	\$ 3,263	\$ 45,703	\$ (9,722)	\$ 35,981
Assets, depreciation, and capital expenditures:					
Assets .....	\$ 980,079	\$29,963	\$1,010,042	\$88,382	\$1,098,424
Depreciation .....	44,306	2,066	46,372	180	46,552
Capital expenditures .....	55,485	0	55,485	50	55,535

Notes: Principal products by segment

1. Automobile Seats and Other: Manufacturing, sale, and development support for automobile seats and related parts. Manufacturing and sale of other products.
2. Real Estate: Real estate rental business

## (2) Geographical Segment Information

Sales, operating income (loss) and assets of the Companies for the years ended March 31, 2006, 2007 and 2008, are classified by geographical segment (divided into sales, operating income (loss) and assets within Japan and outside Japan), are summarized as follows:

Millions of yen								
2006								
	Japan	U.S.A.	Canada	Mexico	France	Total	Elimination	Consolidated total
Net sales to:								
(1) Outside customers .....	¥124,081	¥42,289	¥32,633	¥11,582	¥ 206	¥210,791	¥ —	¥210,791
(2) Inter-segment sales/transfers .....	1,549	2,115	9	1,880	—	5,553	(5,553)	—
	125,630	44,404	32,642	13,462	206	216,344	(5,553)	210,791
Operating expenses.....	123,239	44,048	32,216	13,439	310	213,253	(5,546)	207,707
Operating income (loss).....	¥ 2,391	¥ 356	¥ 426	¥ 23	¥(104)	¥ 3,091	¥ (7)	¥ 3,084
Assets .....	¥ 65,882	¥24,495	¥10,502	¥ 8,317	¥ 314	¥109,512	¥(3,603)	¥105,909

Millions of yen									
2007									
	Japan	U.S.A.	Canada	Mexico	France	China	Total	Eliminations or company-wide	Consolidated total
Net sales to:									
(1) Outside customers .....	¥119,643	¥43,332	¥33,408	¥18,251	¥309	¥1,915	¥216,858	¥ —	¥216,858
(2) Inter-segment sales .....	5,394	2,629	3	1,656	—	37	9,719	(9,719)	—
Total .....	125,037	45,961	33,411	19,907	309	1,952	226,577	(9,719)	216,858
Operating expenses .....	123,242	45,877	33,993	20,067	365	2,317	225,861	(8,813)	217,048
Operating income (loss) .....	¥ 1,795	¥ 84	¥ (582)	¥ (160)	¥ (56)	¥ (365)	¥ 716	¥ (906)	¥ (190)
Assets.....	¥ 66,945	¥27,454	¥ 9,468	¥10,886	¥273	¥3,315	¥118,341	¥(9,221)	¥109,120

Note: Beginning with the fiscal year under review, China has been added as a separate geographical segment.

Millions of yen									
2008									
	Japan	U.S.A.	Canada	Mexico	France	China	Total	Eliminations or company-wide	Consolidated total
Net sales to:									
(1) Outside customers .....	<b>¥142,991</b>	<b>¥53,919</b>	<b>¥33,074</b>	<b>¥25,812</b>	<b>¥643</b>	<b>¥8,761</b>	<b>¥265,200</b>	<b>¥ —</b>	<b>¥265,200</b>
(2) Inter-segment sales .....	<b>5,588</b>	<b>2,151</b>	<b>23</b>	<b>1,802</b>	<b>1</b>	<b>623</b>	<b>10,188</b>	<b>(10,188)</b>	<b>—</b>
Total .....	<b>148,579</b>	<b>56,070</b>	<b>33,097</b>	<b>27,614</b>	<b>644</b>	<b>9,384</b>	<b>275,388</b>	<b>(10,188)</b>	<b>265,200</b>
Operating expenses .....	<b>145,460</b>	<b>55,385</b>	<b>32,882</b>	<b>27,387</b>	<b>660</b>	<b>9,070</b>	<b>270,844</b>	<b>(9,249)</b>	<b>261,595</b>
Operating income (loss) .....	<b>¥ 3,119</b>	<b>¥ 685</b>	<b>¥ 215</b>	<b>¥ 227</b>	<b>¥ (16)</b>	<b>¥ 314</b>	<b>¥ 4,544</b>	<b>¥ (939)</b>	<b>¥ 3,605</b>
Assets .....	<b>¥ 68,943</b>	<b>¥25,757</b>	<b>¥ 6,830</b>	<b>¥11,515</b>	<b>¥363</b>	<b>¥3,941</b>	<b>¥117,349</b>	<b>¥ (7,298)</b>	<b>¥110,051</b>

Thousands of U.S. dollars									
2008									
	Japan	U.S.A.	Canada	Mexico	France	China	Total	Eliminations or company-wide	Consolidated total
Net sales to:									
(1) Outside customers .....	<b>\$1,427,198</b>	<b>\$538,167</b>	<b>\$330,113</b>	<b>\$257,631</b>	<b>\$6,418</b>	<b>\$87,444</b>	<b>\$2,646,971</b>	<b>\$ —</b>	<b>\$2,646,971</b>
(2) Inter-segment sales .....	<b>55,774</b>	<b>21,469</b>	<b>230</b>	<b>17,986</b>	<b>10</b>	<b>6,218</b>	<b>101,687</b>	<b>(101,687)</b>	<b>—</b>
Total .....	<b>1,482,972</b>	<b>559,636</b>	<b>330,343</b>	<b>275,617</b>	<b>6,428</b>	<b>93,662</b>	<b>2,748,658</b>	<b>(101,687)</b>	<b>2,646,971</b>
Operating expenses .....	<b>1,451,843</b>	<b>552,800</b>	<b>328,196</b>	<b>273,351</b>	<b>6,587</b>	<b>90,528</b>	<b>2,703,305</b>	<b>(92,315)</b>	<b>2,610,990</b>
Operating income (loss) .....	<b>\$ 31,129</b>	<b>\$ 6,836</b>	<b>\$ 2,147</b>	<b>\$ 2,266</b>	<b>\$ (159)</b>	<b>\$ 3,134</b>	<b>\$ 45,353</b>	<b>\$ (9,372)</b>	<b>\$ 35,981</b>
Assets.....	<b>\$ 688,124</b>	<b>\$257,082</b>	<b>\$ 68,170</b>	<b>\$114,932</b>	<b>\$3,623</b>	<b>\$39,335</b>	<b>\$1,171,266</b>	<b>\$ (72,842)</b>	<b>\$1,098,424</b>

### (3) Export Sales Information

	Millions of yen							Thousands of U.S. dollars	
	2006	2007	2008				Total	2008	
			U.S.A.	Canada	Mexico	Other		Total	Total
Overseas sales.....	¥ 87,245	¥ 97,609	¥54,045	¥33,074	¥25,684	¥9,584	¥122,387	¥1,221,549	
Consolidated sales.....	210,791	216,858					265,200	2,646,971	
Ratio.....	41.4%	45.0%	20.4%	12.5%	9.7%	3.6%	46.2%		

Other: United Kingdom, Thailand, China, Malaysia and others

### 14. Lease Transactions

The acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets at March 31, 2007 and 2008, including the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Acquisition cost.....	¥17	¥17	\$170
Accumulated depreciation.....	(11)	(13)	(130)
Net book value.....	¥ 6	¥ 4	\$ 40
Depreciation.....	¥ 2	¥ 2	\$ 20

Lease rental expenses on finance lease contracts without transfer of ownership for the years ended March 31, 2006, 2007 and 2008 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Lease rental expenses for the year.....	¥2	¥2	¥2	\$20

Outstanding future lease payments due at March 31, 2007 and 2008, including the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Future lease payments:			
Within one year.....	¥2	¥2	\$20
Over one year.....	4	2	20
Total.....	¥6	¥4	\$40

### 15. Related Party Transactions

The transactions of the Company with its related companies and individuals for the years ended March 31, 2006, 2007 and 2008, other than those with consolidated subsidiaries which are eliminated in the consolidated financial statements, and those which are disclosed elsewhere in these statements, are as follows:

Name of related company	Paid-in capital (Millions of yen)	Principal business	Equity ownership percentage by the Company	Description of transactions	Millions of yen			Account	Resulting account balances		Thousands of U.S. dollars		
					Transactions				2007	2008	Transactions 2008	Resulting account balances 2008	
					2006	2007	2008						
Technotrim, Inc.	\$120 (Thousands of dollars)	Manufacture and sale of automotive components	49.0%	Liability for guarantees	¥ —	¥ —	¥ —	Account	¥ —	¥ —	\$ —	\$ —	
Fuji Kiko Co., Ltd.	¥5,985	Manufacture and sale of automotive parts	24.6%	Purchase of parts	¥8,133	¥9,208	¥14,321	Accounts payable	¥3,310	¥4,818	\$142,938	\$48,088	
				Supply of raw materials	192	169	219	Accounts receivable	3	3	2,186	30	
				Purchase of property, plant and equipment	13	0	—						
				Other	4	—	—						

# Corporate CORPORATE INFORMATION

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## MILESTONES

- 1954** Established Tachikawa Spring Co., Ltd.
- 1959** Relocated head office and plant to Akishima, Tokyo
- 1961** Spun off the Precision Spring Division to form Tachikawa Hatsujou Co., Ltd.
- 1969** Established Ome Plant in Ome, Tokyo
- 1971** Established Nihon Pullmaflex Co., Ltd. (currently Tachi-S Parts Co., Ltd.)
- 1973** Received capital investment from Nissan Motor Co., Ltd., Mitsubishi Motors Corporation, and Hino Motors, Ltd.
- 1976** Established Kinryo Kogyo Co., Ltd., and Tachikawa Kogyo Co., Ltd. (currently Nui Tec Corporation), and made equity investment in Fujitaka Kogyo Co., Ltd. (currently Nui Tec Corporation)
- 1977** Established Aichi Plant in Anjo, Aichi Prefecture
- 1980** Established Musashi Plant in Iruma, Saitama Prefecture
- 1982** Established Tochigi Plant in Shimotsuke, Tochigi Prefecture  
Established Hiratsuka Plant in Hiratsuka, Kanagawa Prefecture
- 1984** Established Suzuka Plant in Suzuka, Mie Prefecture
- 1986** Changed Company name to Tachi-S Co., Ltd.  
Established Tachi-S Engineering U.S.A. Inc. in Michigan, U.S.A.  
Established Technotrim, Inc., in Michigan, U.S.A.  
Listed on the Second Section of the Tokyo Stock Exchange
- 1987** Established Setex Inc. in Ohio, U.S.A.
- 1991** Established Industria de Asiento Superior, S.A. de C.V. (INSA), in Mexico
- 1993** Opened Tachi-S Technical Center in Ome, Tokyo
- 1999** Capital tie-up with Fuji Kiko Co., Ltd.  
Nissan Motor capital investment withdrawn  
Opened Tachi-S Technical Center Aichi in Anjo, Aichi Prefecture
- 2000** Established Syntec, Inc., in North Carolina, U.S.A.  
Established Oppama Plant in Yokosuka, Kanagawa Prefecture
- 2002** Mitsubishi Motors capital investment withdrawn  
Transferred and changed address of Corporate Headquarters to Akishima, Tokyo
- 2003** Listed on the First Section of the Tokyo Stock Exchange  
Launched real estate leasing business
- 2004** Established Fuji Autotech U.S.A. LLC in Kentucky, U.S.A., as a joint venture with Fuji Kiko of USA Corporation  
Established Tachi-S Canada Ltd. in Nova Scotia, Canada  
Established a joint company, Setex Canada GP, in Ontario, Canada  
Established Tachi-S Engineering Europe S.A.R.L. in Velizy-Villacoublay, France  
Established a joint company, TACLE Guangzhou Automotive Seat Co., Ltd., in Guangzhou, People's Republic of China
- 2005** Established TACLE Seating U.K. Limited in Sunderland, U.K.  
Established a joint company, Fuji Autotech Guangzhou Co., Ltd., in Guangzhou, People's Republic of China  
Established Tachi-S Trim Guangzhou Co., Ltd., in Guangzhou, People's Republic of China  
Established TACLE Seating U.S.A. LLC in Tennessee, U.S.A.
- 2006** Nui Tec Corporation began operations  
Business collaboration with Kasai Kogyo Co., Ltd.
- 2007** Nui Tec Corporation absorbed Tachikawa Kogyo Co., Ltd., and Fujitaka Kogyo Co., Ltd.
- 2008** Established Advanced Technology Center in Ome, Tokyo  
Established Tachi-S Engineering China Co., Ltd., in Fuzhou, People's Republic of China  
Established a joint company, Wuhan Tachi-S Johnson Controls Automotive Seat Co., Ltd., in Wuhan, People's Republic of China

## **CORPORATE DATA**

### **Headquarters**

3-3-7, Matsubara-cho, Akishima,  
Tokyo 196-8611

### **Date of Establishment**

April 7, 1954

### **Paid-in Capital**

¥8,145,831,916  
(As of March 31, 2008)

### **Stock Exchange Listing**

Tokyo Stock Exchange, First Section

### **Transfer Agent**

The Chuo Mitsui Trust  
and Banking Co., Ltd.

### **Domestic Offices and Plants**

#### ***Technical Center***

1-7-8, Suehiro-cho, Ome,  
Tokyo 198-0025

#### ***Advanced Technology Center and Ome Plant***

1-2, Suehiro-cho, Ome,  
Tokyo 198-0025

#### ***Technical Center Aichi and Aichi Plant***

125-2, Yanagihara, Toei-cho, Anjo,  
Aichi 446-0007

#### ***Musashi Plant***

108-13, Sayamagahara, Iruma,  
Saitama 358-0032

#### ***Tochigi Plant***

262-26, Shiba, Shimotsuke,  
Tochigi 329-0412

#### ***Hiratsuka Plant***

1-3, Nagatoro, Hiratsuka,  
Kanagawa 254-0021

#### ***Suzuka Plant***

3600-10, Kamata, Misono-cho,  
Suzuka, Mie 510-0261

#### ***Oppama Plant***

5-2931, Uragou-cho, Yokosuka,  
Kanagawa 237-0062

### **Domestic Subsidiaries and Affiliates**

#### ***Nui Tec Corporation***

Ome, Tokyo  
Yokote, Akita  
Nagoya, Aichi

#### ***Tachi-S Parts Co., Ltd.***

Ome, Tokyo

#### ***Tachikawa Hatsujou Co., Ltd.***

Akishima, Tokyo

#### ***Nissin Kogyosho Co., Ltd.***

Iruma, Saitama  
Sano, Tochigi

#### ***Fuji Kiko Co., Ltd.***

Kosai, Shizuoka

#### ***Kinryo Kogyo Co., Ltd.***

Miyako-gun, Fukuoka

#### ***Tachi-S Service Co., Ltd.***

Akishima, Tokyo

#### ***TS Design Co., Ltd.***

Ome, Tokyo

(As of March 31, 2008)

## GLOBAL NETWORK

### Investee Companies

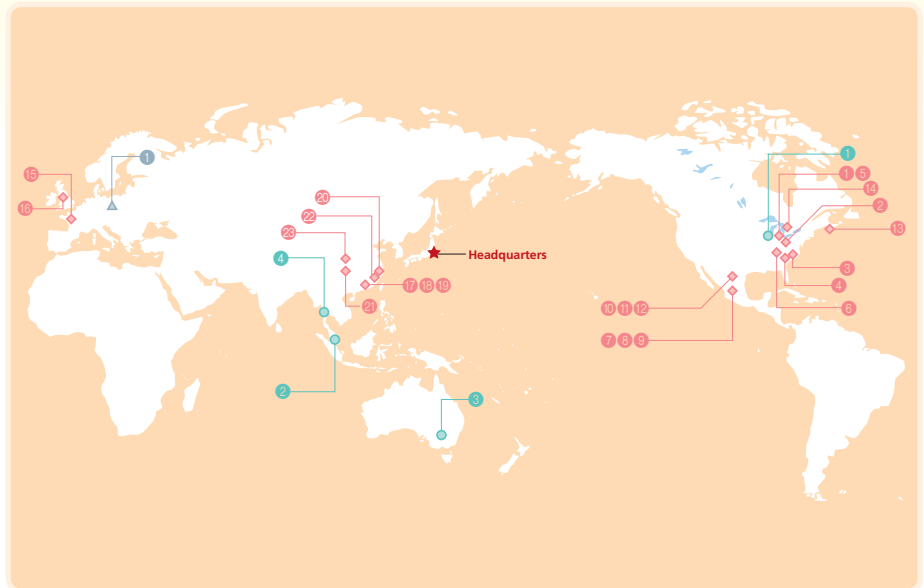
- 1 Tachi-S Engineering U.S.A. Inc. (Michigan)
- 2 Setex Inc. (Ohio)
- 3 Syntec, Inc. (North Carolina)
- 4 TACLE Seating U.S.A. LLC (Tennessee)
- 5 Technotrim, Inc. (Head Office) (Michigan)
- 6 Fuji Autotech U.S.A. LLC (Kentucky)
- 7 Industria de Asiento Superior, S.A. de C.V., Aguascalientes Plant (Head Office) (Mexico)
- 8 Industria de Asiento Superior, S.A. de C.V., Guadalajara Plant (Mexico)
- 9 Industria de Asiento Superior, S.A. de C.V., Cuernavaca Plant (Mexico)
- 10 Technotrim, Inc., Ramos Plant (Mexico)
- 11 Technotrim, Inc., Saltillo Plant (Mexico)
- 12 Technotrim, Inc., Monclova Plant (Mexico)
- 13 Tachi-S Canada Ltd. (Canada)
- 14 Setex Canada GP (Canada)
- 15 Tachi-S Engineering Europe S.A.R.L. (France)
- 16 TACLE Seating U.K. Limited (U.K.)
- 17 TACLE Guangzhou Automotive Seat Co., Ltd. (China)
- 18 Tachi-S Trim Guangzhou Co., Ltd. (China)
- 19 Fuji Autotech Guangzhou Co., Ltd. (China)
- 20 Tachi-S Taicang Co., Ltd. (China)
- 21 Zhengzhou Taixin Interia Co., Ltd. (China)
- 22 Tachi-S Engineering China Co., Ltd. (China)
- 23 Wuhan Tachi-S Johnson Controls Automotive Seat Co., Ltd. (China)

### Technology Licensees

- 1 Johnson Controls, Inc. (Michigan)
- 2 Auto Parts Manufacturers Co., Sdn. Bhd. (Malaysia)
- 3 Henderson's Industries Pty. Ltd. (Australia)
- 4 Summit Auto Seats Industry Co., Ltd. (Thailand)

### Technology Licenser

- 1 Isringhausen GmbH & Co. KG (Germany)



(As of March 31, 2008)

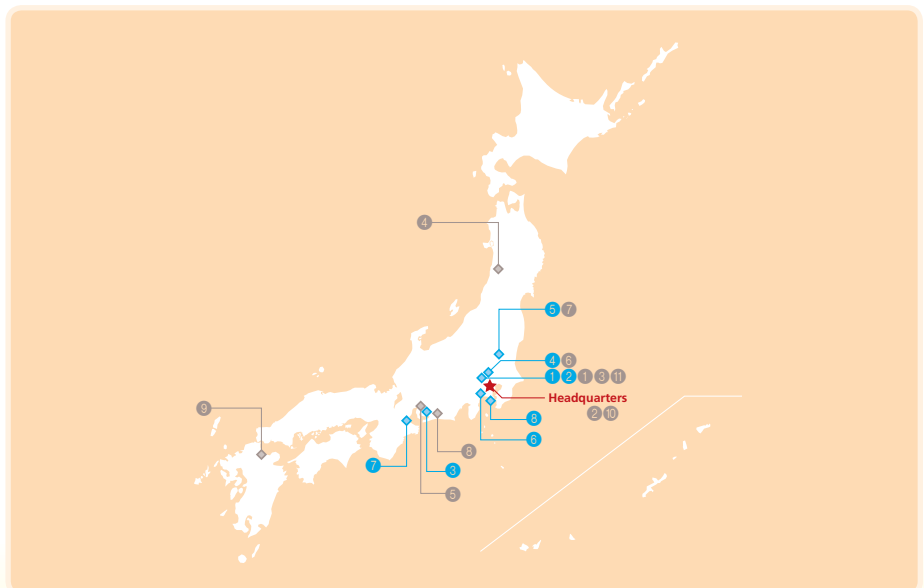
## DOMESTIC NETWORK

### Offices and Plants

- 1 Technical Center
- 2 Advanced Technology Center and Ome Plant
- 3 Technical Center Aichi and Aichi Plant
- 4 Musashi Plant
- 5 Tochigi Plant
- 6 Hiratsuka Plant
- 7 Suzuka Plant
- 8 Oppama Plant

### Subsidiaries and Affiliates

- 1 Tachi-S Parts Co., Ltd.
- 2 Tachikawa Hatsujou Co., Ltd.
- 3 Nui Tec Corporation (Head Office)
- 4 Nui Tec Corporation (Akita Plant)
- 5 Nui Tec Corporation (Nagoya Plant)
- 6 Nissin Kogyosho Co., Ltd. (Iruma)
- 7 Nissin Kogyosho Co., Ltd. (Sano)
- 8 Fuji Kiko Co., Ltd.
- 9 Kinryo Kogyo Co., Ltd.
- 10 Tachi-S Service Co., Ltd.
- 11 TS Design Co., Ltd.



(As of March 31, 2008)



3-3-7, Matsubara-cho, Akishima, Tokyo 196-8611

Phone: **+81-42-546-8111**

Fax: **+81-42-546-7361**

URL: **<http://www.tachi-s.co.jp>**